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# NASA Procedural Requirements

**COMPLIANCE IS MANDATORY**

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## **Subject: Real Estate Management Program**

**Responsible Office: Facilities Engineering and Real Property Division**

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## **Chapter 2. Physical Accountability Recording and Reporting**

### **2.1 Overview**

2.1.1 Chapter 2 defines the following:

- a. NASA requirements for developing and maintaining real property record files for each real property asset, including financial data and records.
- b. Coordination of records management and data with other organizations within NASA, including Center and Headquarters OCFOs, and Center design and construction offices.
- c. The general ledger accounts for reporting real property and the classification of real property into specific categories tied to the general ledger accounts.
- d. The criteria for capitalizing NASA real property and the various forms, including Form 1046, used in communicating real property acceptance, status, and values and verification of the data transmitted.

### **2.2 Real Property Accountability**

2.2.1 Establishment of Real Property Record Files

2.2.1.1 Real property record files shall be established for each new asset. The asset will be classified according to classifications discussed in Section [2.3](#) of this NPR. Copies of

documents required by this NPR pertaining to real estate transactions, such as acquisition, disposal, leases, enhanced-use leases (EULs), and permits should be included in the files. The required documents are listed in Section 2.5 of this NPR.

2.2.1.2 Every asset that meets the criteria for classification in Section 2.2.2.1 and has an acquisition cost of \$5,000 or more shall be entered into the RPMS in consultation with the Center DCFO (F). The \$5,000 threshold is the NASA threshold for recording individual real property assets as well as individual modifications to NASA real property. There is a separate and distinct threshold for including individual real property assets as well as individual modifications to NASA real property in capitalization values and reports provided to the OCFO. Capitalization is further discussed in Section 2.2.2.4.

2.2.1.3 All Centers shall maintain accurate, up-to-date records on all NASA-owned and controlled real property in the RPMS. Records should include data on the following:

- a. Acquisitions by purchase, condemnation, donation, or transfer from another Federal agency.
- b. Acquisitions by construction with a cost greater than \$5,000.
- c. Acquisitions by lease, permit, license, or easement.
- d. Disposals by sale or transfer.
- e. Demolition.
- f. Improvements to the asset with a cost greater than \$5,000.
- g. Removal or other action that reduces capacity or removes collateral equipment with a cost greater than \$5,000.

2.2.1.4 If the real property asset is acquired through construction, transfer, or purchase and it includes a building with utilities and other structures serving the building, the building shall be entered as an individual asset in the RPMS. The other parts, which may include utilities, roads, sidewalks, and parking areas, will be entered under those classifications. The dividing line between the building and the other assets will be an imaginary 5-foot line outside of the building. This line defines the building's footprint, and the costs inside the 5-foot line are accountable to the building. The costs for the other parts should be accounted for in the appropriate classification. This concept is also described in NPR 8820.2, Section C.2.6.IV.c.

2.2.1.5 NASA policies for recording real property records are based on the principles outlined by the Federal Accounting Standards Advisory Board (FASAB), as set forth in NPR 9250.1.

## 2.2.2 Maintenance of Real Property Record Files

2.2.2.1 All real property under the management control of NASA Centers shall be recorded in the RPMS.

2.2.2.2 Paper copies may be printed, and all executable copies shall be held by the RPAO in the record files.

2.2.2.3 The asset records in the RPMS shall be updated, and real property record files should be updated, with supporting documents when the following events occur:

- a. Acquisition. The acquisition of real property or interests therein, including leases and permits, requires an addition to the real property records. Real property record files shall be maintained on a current basis by posting changes to the RPMS when interest in real property is gained through construction, purchase, in-grant, lease, or lesser interest. The event is considered to have been completed when an authorized Government official accepts the property for NASA.
- b. Withdrawal. Withdrawal of land or assets from public use for NASA use requires a change to the real property records.
- c. Disposal. The disposal by sale or transfer of a real property item requires a change in status and a negative adjustment in the real property records when the transaction has been completed.
- d. Demolition. The demolition or deconstruction of real property requires a change in status and a negative adjustment in the real property records when the project has been completed. The loss shall be recorded when a real property is destroyed by fire, explosion, natural disaster, or a similar destructive event.
- e. New Construction. Completion of construction of a new facility requires an addition to the real property records. This addition shall be made at the time of beneficial occupancy (see Section [2.4.4.4.c](#)), physical or financial completion of a facility, or when title is vested in NASA, whichever occurs first.
- f. Addition, Extension, or Expansion of an Existing Facility. A physical increase to a facility that adds to its overall dimensions requires an addition to the real property records when the total cost is \$5,000 or greater.
- g. Alterations and Modifications, Including Removals. Work required to alter or modify the physical characteristics of an existing facility so that it may be adapted or utilized for the mission requires a change to the real property records when there is an increase or decrease of value by \$5,000 or greater. This includes alterations and use modifications carried out by a tenant under an EUL or other out-lease.
- h. Change of Use. If alterations or modifications change the predominant use of a facility, as determined by the use with the most square footage occupied, the RPAO shall make the appropriate changes to the classification code in the RPMS.
- i. Installation, Removal, or Replacement of Collateral Equipment. The installation or removal of a complete item of collateral equipment requires an adjustment to the real property records when the increase or decrease in value is \$5,000 or greater. The replacement of an installed property item requires both debit and credit adjustment to the real property records when the acquisition cost of either the item removed or the replacement item is \$5,000 or greater; installation costs are to be included in these instances. Noncollateral equipment is not carried in the RPMS.

2.2.2.4 Rules for capitalization of real property can be found in NPR 9250.1, Chapter 2. These rules are part of the RPMS and calculations. The RPAO should be familiar with these capitalization rules. Capitalization of NASA real property follows the requirements of NPR 9250.1. Capitalization has a threshold of \$100,000, as set forth in NPR 9250.1. Capitalized values shall include all costs incurred to bring Property, Plant, and Equipment items (PP&E) to a form and location suitable for its intended use?that is, the total cost to NASA. For example, qualifying costs may include, but are not limited to:

- a. Amounts paid to vendors or contractors, including fees.
- b. Labor and other direct or indirect production costs (for assets produced or constructed).
- c. Engineering, architectural, and other outside services for designs, plans, specifications, and surveys.
- d. Acquisition and preparation costs of buildings and other facilities.
- e. Fixed equipment and related installation costs required for activities in a building or facility.
- f. Direct costs of inspection, supervision, and administration of construction contracts and construction work.

2.2.2.5 Centers shall record all in-grants of real property from either private sources or other governmental sources, including Federal property, in the RPMS. This applies to all in-grants, whether leases, permits, licenses, agreements, or easements.

a. NASA-funded improvements made to such property that meet the capitalization criteria, as set forth in NPR 9250.1, Chapter 2, shall be recorded as leasehold improvements in accordance with Section [2.4.6.8](#).

b. If an in-grant is from another Federal agency, it must be recorded as an in-grant rather than a transfer of ownership to avoid duplicate reporting to GSA in the FRPP and to avoid duplicate reporting to the U.S. Treasury in financial statements.

2.2.2.6 The RPAO shall annotate and document real property records in all cases involving out-grants for the use of NASA property by other parties. Real property so granted will, during the term of the grant, be considered part of the NASA-owned real property and will be recorded in the RPMS as such.

2.2.2.7 The RPAO shall annotate and document real property records in all cases involving transfer of responsibility for part or all of a facility, whether by contract, lease, Space Act Agreement (SAA) or other means, to contractors or other non-Federal parties where the term of the transfer is for 1 year or longer.

## 2.2.3 Coordination of Records within NASA

2.2.3.1 The Center DCFO (F) and the RPAO shall maintain close coordination to ensure that records for capitalized real property assets can be validated. Pursuant to NPR 9250.1, Chapter 2, recorded balances for capitalized real property are to be reconciled with the financial accounts on a quarterly basis or more frequently if required. The NASA OCFO requires monthly consolidation of capitalized real property.

2.2.3.2 The Facility Construction Office and the RPAO shall maintain close coordination and establish processes to transmit information to the RPAO so that the real property records are up to date and accurately maintained. The RPAO must have access to the supporting documents, such as maps, plans, blueprints, drawings, specifications, and other documents to maintain the real property record files because they serve as supporting documentation for internal and external reviews of real property records.

2.2.3.3 Coordination shall be maintained between the Facility Project Manager (FPM), the COTR, the RPAO, and the Financial Management Office (FMO) or Fiscal Officer

(FO) to ensure that the required documentation is provided so that the respective record balances for capitalized real property are in agreement. NPR 9250.1 prescribes the criteria and procedures for closing facility project costs to the fixed asset general ledger accounts.

## 2.2.4 Accounting Coordination for Construction Projects

2.2.4.1 Center DCFO (F)s in consultation with RPAOs shall identify costs to be capitalized and maintain financial records for each capital facility project in progress.

a. Center DCFO (F)s and the NASA RPAO shall provide support and guidance to the FPM in completing NASA Form 1739, Alternative Future Use (in the case of JPL, the equivalent form authorized by the NASA OCFO), for all facility projects .

b. This includes all costs incurred to acquire and bring a real property asset to a state suitable for its intended use, which, when complete, shall be provided to the RPAO for recording in the RPMS.

c. When construction of a real property asset is completed, the total cost of the item is transferred from the work-in-progress account to the appropriate financial class code. This addition shall be made at the time of beneficial occupancy, physical or financial completion of a facility, or when title is vested in NASA, whichever occurs first when meeting capitalization guidelines.

## 2.2.5 Recording Real Property Expenditures

2.2.5.1 Each real property acquisition, addition, improvement, alteration, rehabilitation, or replacement shall be treated as a single event.

2.2.5.2 The RPAO shall do the following when recording real property:

a. Record all costs incurred in relation to the event, regardless of when they are paid in the RPMS, making certain they are reported in the applicable financial class code (different from the real property classification code).

b. Use the total cost of each event to determine whether it meets the capitalization criteria in NPR 9250.1, Chapter 2, regardless of when payment was made.

c. Individual sections or additions of new construction or improvements to existing real property, for which individual costs are less than \$100,000, may need to be capitalized if those sections or additions meet capitalization requirements as a sections or additions of a larger capitalized asset.

## 2.2.6 General Ledger Accounts

2.2.6.1 The RPAO shall confer with the Center DCFO (F) property accountant to ensure the appropriate general ledger account is used.

2.2.6.2 Real property shall be classified under the general ledger accounts established in NPR 9250.1, Chapter 3. The primary financial class codes used for real property are the following:

a. 1711 Land.

b. 1712 Improvements to Land.

- c. 1730 Buildings.
- d. 1740 Other Structures and Facilities.
- e. 1820 Leasehold Improvements.

2.2.6.3 Other general ledger accounts may be used for special circumstances. All NASA real estate assets are assigned a general ledger account when the classification of the asset is determined. Both the general ledger account and the classification stay with the asset throughout its life unless the use of the asset changes.

2.2.6.4 If the use of an asset changes by more than 50 percent from its original classification, its classification code shall be changed to reflect the asset's new use.

## **2.3 Classification and Property Value**

2.3.1 For purposes of general classification, NASA real property assets shall be classified according to the following five categories, which are consistent with the GSA Real Property Reporting System and the NASA Financial Accounting System (For specific guidance on classifying land and capitalizing cost, refer to NPR 9250.1):

- a. Land. This includes all property acquired on a fee-simple basis, including mineral and water rights.
- b. Improvements to Land. This includes nonpermanent, depreciable improvements to land used in general operations, as well as landscaping and earthwork.
- c. Buildings. This includes buildings and improvements to buildings, as well as all equipment that is built in, affixed to, or installed in such a manner that the installation cost, including special foundations or unique utilities for services, or the facility restoration cost after removal, is substantial.
- d. Other Structures and Facilities. This includes construction and improvements of structures and facilities such as:
  - (1) Airfield pavements.
  - (2) Harbor and port facilities.
  - (3) Power production facilities and distribution systems.
  - (4) Research and development facilities other than buildings.
  - (5) Roads and bridges.
  - (6) Any type of built-in equipment installed in such a manner that the installation cost, including special foundations, unique utilities or services, or the facility restoration cost after removal is substantial.
- e. Leasehold Improvements. This includes improvements made by or on behalf of NASA to:
  - (1) Leased land, buildings, and other facilities.
  - (2) Easements and rights of way.

### **2.3.2 Capitalization Criteria**



2.3.2.1 In real property accounting, it is crucial to distinguish capital expenses from ordinary operating expenses. Capital expenses, such as expenditures for land, buildings, and improvements, can be defined generally as those that contribute some lasting value or add value to an enterprise. In contrast, operating expenses, such as routine maintenance, cleaning, and repairs, do not add value to the asset. Procedures for recording new assets or modifying existing asset records can be found in Section [2.4](#) of this NPR.

2.3.2.2 In accordance with NPR 9250.1, Chapter 2, NASA shall capitalize individual items in PP&E that meet all of the following criteria:

- a. Has a unit acquisition cost of \$100,000 or more.
- b. Has an estimated useful life of 2 years or more.
- c. Is not intended for sale in the ordinary course of operations.
- d. Is acquired or constructed with the intention of being used or being available for use by NASA.
- e. Has an alternative future use.

2.3.2.3 Capital improvements or modifications are changes to existing real property that cost \$100,000 or more and extend the useful life of the real property by 2 years or more, that enlarge or improve its capacity, or that otherwise upgrade it to serve needs different from or significantly greater than those originally intended.

2.3.2.4 Accounting for certain events may require capitalizing costs of one or more components. RPAOs, in consultation with the Center DCFO (F), shall determine whether component costs should be capitalized separately or as an aggregated sum.

- a. If an item as originally installed is an aggregate of components that can stand alone and are severable, the component costs shall be tested individually against the capitalization criteria. Only component costs that meet all of the criteria are to be capitalized.
- b. If an item as originally installed is an aggregate of components that cannot stand alone and are not severable, the aggregate sum of the components shall be tested against the capitalization criteria. Only aggregate costs of items that meet all the criteria are to be capitalized.
- c. Individual sections or additions of new construction or improvements to existing real property, for which individual costs are less than \$100,000, may need to be capitalized if those sections or additions meet capitalization requirements as sections or additions of a larger capitalized asset.

2.3.2.5 The cost of facilities constructed by or through foreign governments or in foreign countries under NASA contracts shall be capitalized in accordance with the title rights contained in formal agreements.

2.3.2.6 NASA's capitalization criteria (NPR 9250.1, Chapter 2) differ from recording thresholds used for real property management. To ensure data efficacy, the Center DCFO (F) shall maintain independent control of the data in the NASA accounting system.

### 2.3.3 Establishing the Book Value of a Property

2.3.3.1 The book value of a property is the original cost of the property, as recorded in the RPMS, plus modifications, where appropriate, for improvements, removals, or other actions of \$5,000 or more. Qualifying modifications may include those made to land and buildings and the installation or removal of postconstruction collateral equipment. Only book values that meet capitalization requirements of NPR 9250.1 are carried forward into NASA financial records.

### 2.3.4 Determining Current Replacement Value of a Facility

2.3.4.1 The current replacement value (CRV) of a facility is the total escalated value of the original cost in present-day dollars. The CRV is not an estimated cost to rebuild or replace the facility but is the book value of the asset as escalated by the Building Cost Index (BCI) found in the [Engineering News-Record](#), a McGraw Hill publication.

2.3.4.2 Following the annual Facilities Utilization Review processes (see [Chapter 5](#) of this NPR), a change in status from Active to an Inactive status (Standby, Mothballed, or Abandoned) for a portion or the entirety of a facility shall have an attendant proportional reduction in CRV. For example, if the status of a fully utilized facility changes to 50-percent inactive, its CRV will be reduced by half. A facility that is 100-percent inactive has a CRV of \$0. The RPAO enters the percent change, and the RPMS automatically updates the CRV.

## 2.4 Real Property Records

### 2.4.1 NASA Facility Classification Codes

2.4.1.1 The NASA Facility Classification Coding System provides uniform coding for detailed classification of NASA real property. The NASA Facility Classification Coding System is a hierarchical scheme of real property types and functions that serves as the framework for identifying, categorizing, and analyzing NASA's inventory of land and facilities around the world. The primary intent of the NASA Facility Classification Coding System is to classify facilities according to the function they serve, as opposed to the process they support.

2.4.1.2 The NASA Real Property Classification Guide provides details of the NASA Classification Coding System and a cross-reference of the NASA Facility Classification Codes to the GSA usage codes and to NASA general ledger accounts (see [Section 2.2.6.1](#)).

### 2.4.2 NASA Real Property Management System

2.4.2.1 The RPMS is the official NASA-wide electronic data system for real property. The RPMS is an automated system for maintaining and reporting Center real property data. The data forms, codes, and procedures used in the RPMS conform to those required by this NPR. At the convenience and discretion of the individual RPAO, printed outputs from the RPMS can be used instead of printed forms. Access to the RPMS and current information on its functionality can be obtained from the FERP Division.

2.4.2.2 All real property data for NASA-owned, -leased, and -controlled real property with an acquisition cost of \$5,000 or more shall be entered to the RPMS.



2.4.2.3 The following forms are required and can be generated in the RPMS. No paper copies of these forms are required in the real property record files. Note that the NASA property record card is equivalent to NASA Forms 845, 846, 846A, and 847. This document will refer to these forms as the "NASA Property Record Card."

- a. NASA Form 845 Real Property Record-Buildings (also used for Land).
- b. NASA Form 845A Transactions Completed-Additions/Deletions (Continuation Sheet for NASA Form 845).
- c. NASA Form 846 Real Property Record-Other Structures and Facilities.
- d. NASA Form 846A Transactions Completed-Additions/Deletions (Continuation Sheet for NASA Form 846).
- e. NASA Form 847 Real Property Record-Leasehold Improvements.

#### 2.4.3 Paper Records and Forms

2.4.3.1 The following forms are not part of the RPMS but shall be used when appropriate.

- a. NASA Form 1046 Notification of NASA Real Property Transaction, Including Transfer Between Agencies.
- b. Department of Defense (DoD) DD Form 1354 Transfer and Acceptance of Military Real Property.

#### 2.4.3.2 NASA Form 1046 and DD Form 1354, Transfer and Acceptance of Real Property

2.4.3.2.1 The Facility Project Manager (FPM) and COTR shall be responsible for delivering all documentation necessary for recording real property data in the RPMS to the Center RPAO for the following actions:

- a. Acquisition.
- b. Disposal.
- c. New construction.
- d. Addition, extension, or expansion of an existing facility.
- e. Alterations and modifications.
- f. Demolition.

2.4.3.2.2 All acquisitions, whether by purchase, transfer from other agencies, donation, or other means, must be fully documented. The following documents, at a minimum and when applicable, shall be available to support the changes in asset value or physical attributes as a result of new acquisition or capital improvements and are to be provided for the actions listed in Section [2.4.3.2.1.a](#) through f:

- a. Final bid documents.
- b. Contract or other legal instrument (i.e., lease).
- c. Contract modifications or change orders.

- d. Signed acceptance document by NASA.
- e. Material inspection and receiving report.
- f. Invoices or other approved cost reports to support PP&E purchased and amount accumulated in work in progress (WIP) accounts.
- g. Transfer documents for transferred assets.
- h. Appraisal results for purchased and donated assets.

2.4.3.2.3 One of two forms is required for transfers and acceptance of real property to the NASA record files and accounting system: NASA Form 1046 or DD Form 1354.

a. Use NASA Form 1046 for documenting transfers of real property:

- (1) Into and out of NASA (other than DoD).
- (2) Between NASA Centers.
- (3) Between NASA and other Government agencies (other than DoD).
- (4) In transactions with contractors.

b. Use DD Form 1354 for documenting transfers of real property, including acquisitions, improvements, and collateral equipment, between NASA and a branch of DoD.

2.4.3.3 Signed copies of NASA Form 1046 and DD Form 1354 shall be held by the Center RPAO in the Real Property Record Files and forwarded to the Center DCFO (F).

#### 2.4.4 NASA Form 1046 Notification Process

2.4.4.1 Upon acceptance of real property or work performed by a contractor or NASA personnel, the FPM or other designated NASA representative responsible for monitoring the acquisition or improvement shall, within 30 calendar days after title passes to NASA, complete and forward NASA Form 1046 to the RPAO. (Instructions for completing NASA Form 1046 are found in Appendix A of the NASA Facility Classification Guide.) The signed copy of NASA Form 1046 will be held by the RPAO in the Real Property Record Files.

2.4.4.2 When title to new construction or acceptance of capital improvements has been documented by an authorized NASA representative, it shall be annotated by the FPM or COTR in Remarks, Item 17, on NASA Form 1046. The transfer of title to new construction, capital improvements, and the like will be considered to have been passed to NASA when an authorized NASA representative has both of the following:

- a. Certified in writing that all required contracted improvements have been accepted.
- b. Approved all related invoices for payment.

2.4.4.3 In cases of acquisition or improvement involving the U.S. Army Corps of Engineers (USACE), the Naval Facilities Engineering Command, and other DoD affiliates, the FPM or another NASA representative responsible for monitoring the event shall, prior to recommending acceptance by NASA, ensure that the data provided on the DD Form 1354 meets Center requirements for describing the work completed. The RPAO will hold the signed copy of the DD Form 1354 in the Real Property Record Files.

2.4.4.4 For acceptance of real property by NASA, there are three degrees of acceptance

on NASA Form 1046.

a. Financial Completion gives complete ownership to NASA and custody of the property to the Center accepting the transfer. Financial Completion is to be used when the facility is complete and all bills have been paid. It shall be documented by the FPM or COTR with one of the following annotations to NASA Form 1046 or DD Form 1354:

(1) "Construction was in accordance with the plans and specifications."

(2) "All construction deficiencies noted have been corrected."

(3) "The construction agency or contractor acknowledges the listed deficiencies and assures corrective actions are within the limits of the contract."

b. Physical Completion differs from Financial Completion and is subject to any conditions stated on NASA Form 1046 or DD Form 1354. Physical Completion is used when Final payment has not been completed.

c. Beneficial Occupancy is a very limited acceptance granted when facilities are used by NASA, in whole or in part, before they have been fully completed, which may be due to either:

(1) Disagreement as to the existence of or need for correction of deficiencies.

(2) Lack of completion of system testing or checkout. 2.4.4.5 If initial acceptance is Physical Completion or Beneficial Occupancy, the RPAO shall later update the property record with an annotation of the property value when Financial Completion has occurred.

2.4.4.6 The FPM and Contracting Officers (COs) shall notify the RPAO when a project is complete for coordination of NASA Form 1046 for acceptance of the property by NASA.

2.4.4.7 The FPM or another appropriate NASA official shall provide written notification to the OCFO through the RPAO that acceptance has occurred.

2.4.4.8 When the actual/final cost of construction is ascertained, the FPM shall furnish a final cost of construction report (using NASA Form 1046) for payment to the RPAO.

2.4.4.9 All disposals or retirements shall be fully documented when real property is demolished or transferred. The following supporting documentation is required, as applicable, to provide an adequate audit trail for disposal of a real property asset:

a. Declaration of excess document.

b. Approval documentation (including disposal of land).

c. Original acquisition documents.

d. Legal instruments (such as deed or contract) to indicate legal obligation to dispose of an asset.

e. Document showing the disposal start date.

f. Receipt documentation.

g. Transfer documents for transferred assets or as otherwise stated.

2.4.4.9.1 The Center DCFO (F) shall be notified of the disposition of real estate.

#### 2.4.5 NASA Form 1046 Verification Process

2.4.5.1 The FPM is responsible for preparing NASA Form 1046 Notification of Real Property Transfer. The FPM shall:

- a. Research and verify all project costs to determine the total dollar value for the record.
- b. Work with the Contracting Officer (CO) for review of and concurrence on NASA Form 1046.
- c. Forward the verified NASA Form 1046 to the RPAO.

2.4.5.2 The RPAO shall review, validate, and make necessary corrections to the data submitted by the CO/FPM on NASA Form 1046. The RPAO will update the RPMS with the current quantitative, financial, and classification code data entered to a NASA Form 1046 and submit NASA Form 1046 to the Center DCFO (F).

2.4.5.2.1 The RPAO shall notify the FUO to ensure that necessary updates are reflected in the Facility Utilization System.

2.4.5.3 The Center DCFO (F) shall reconcile the RPMS increase/decrease reflected on a processed NASA Form 1046.

#### 2.4.6 Property Value in RPMS

2.4.6.1 Real property costs for construction and improvements, including removal of collateral equipment, shall be recorded in the RPMS on the Property Value Tab.

2.4.6.2 The RPAO shall complete the property value in the RPMS on the asset NASA property record card.

2.4.6.3 The RPAO shall enter all transactions with a cost of \$5,000 or more in the RPMS on the Property Value Tab. If the cost is less than \$100,000, the transaction may not be a capital expenditure. If the cost is \$100,000 or more and the transaction meets the other criteria for a capital transaction per Section [2.3.2.2](#), it is entered as a capital transaction.

a. Individual sections or additions of new construction or improvements to existing real property for which individual costs are less than \$100,000 may need to be capitalized if those sections or additions meet capitalization requirements as sections or additions of a larger capitalized asset.

2.4.6.4 The RPAO shall enter a single event of construction or improvement at its full cost, including costs listed in Section [2.2.2.4](#) of this NPR.

2.4.6.5 Costs for acquisition of land shall be entered in the RPMS on the Property Value that is dedicated to the land acquisition.

2.4.6.5.1 Costs for improvements to acquired land (buildings or other structures) shall be entered on separate NASA Real Property Record Cards according to their classifications.

2.4.6.6 Improvements to a NASA facility made by a tenant of an out-grant have dollar value and, if transferred to NASA, are viewed as if NASA had purchased them.

Therefore, if an out-grant allows the lessee to make improvements and imparts ownership of the improvements to NASA, their value shall be entered into the facility's real property record in the RPMS. The provisions of Sections 2.4.5.2 and 2.4.5.3 of this NPR apply when recording such improvements. Sections 6.5 and 7.9 also apply.

2.4.6.7 The costs for repair projects are not generally capitalized unless a project extends the useful life of a facility. This determination is made by the FPM and the Center DCFO (F). If repair project costs will be capitalized, this must be reported to the RPAO. Otherwise, costs associated with repair projects should not be added to the RPMS but, rather, accounted for as an expense.

2.4.6.8 Improvements made by NASA to property that NASA is leasing from another party shall be entered as "leasehold improvements" in the RPMS on the Property Value Tab.

2.4.6.8.1 The leasehold improvements, if capitalized, are recorded in the NASA financial system, while the lease of the property is not recorded in the financial system. However, the in-lease is recorded in the RPMS. The value of the leasehold improvements shall comply with the provisions of Sections 2.4.5.2 and 2.4.5.3 of this NPR.

2.4.6.8.2 The property name for the leasehold improvement on the Property Value Tab in the RPMS should reflect the name of the lease, e.g., "Leasehold Improvements to Farnsworth Building."

#### 2.4.7 NASA Form 1509: Planning for Real Property Projects

2.4.7.1 To plan capital budgets effectively, proposed construction projects shall be managed in the NASA accounting process as follows:

- a. In accordance with NPR 8820.2F, proposed construction projects shall be submitted at their inception to the OCFO, the RPAO, and the CMO.
- b. The FPM shall notify the Center DCFO (F) and the RPAO of proposed projects during the PPBE submission period to ensure accuracy, completeness, and timeliness of real property information.
- c. Proposed capital improvement projects are supported by NASA Form 1509. It is generally the FPM's responsibility to prepare the form, which is used when projected costs are \$500,000 or greater.
- d. The FPM, in consultation with the RPAO and the Center DCFO (F), shall submit a NASA Form 1739, Alternative Future Use Questionnaire, in accordance with NPR 9250.1, Chapter 1.

2.4.7.2 The RPAO shall meet with the Center DCFO (F) and FPM during the NASA Form 1509 process and preproject planning to ensure coordination of the project information.

2.4.7.3 The RPAO and the Center DCFO (F) should attend the Facility Utilization Review Board (FURB) and other project-planning meetings.

2.4.7.4 The FPM shall provide the OCFO and Center DCFO (F) with the details of approved projects using NASA Form 1509.



## 2.5 Maintenance of a Central Repository for Real Property Documents

2.5.1 The FERP Division is the central NASA office for maintaining documents regarding acquisition and disposal of land. The FERP Division does not maintain records of new construction or modifications on NASA-controlled properties. Documents on file with the FERP Division include:

- a. Preliminary and final title opinions (and related papers) of the Attorney General of the United States.
- b. Deeds.
- c. Foreign acquisitions and disposals.
- d. Federal land withdrawals for NASA use.
- e. Reports of excess to GSA.

2.5.2 Centers shall record real property land acquisitions with the local County Recorder's Office. Centers shall maintain the original recorded documents and furnish the FERP Division with a copy.

2.5.3 The Director, FERP Division shall coordinate and approve all real property matters involving international locations with the Office of the General Counsel and, through them, the Office of International and Interagency Relations. NASA Headquarters will coordinate with the Department of State as required.

## 2.6 Triennial Physical Inventory

2.6.1 In accordance with OMB requirements and to ensure the accuracy of the data that NASA reports annually in the FRPP, each Center shall perform a physical inventory by visual inspection of all Center-managed real property every 3 years to ensure that each asset exists as described and is recorded accurately. At the completion of each cyclic inventory, the RPAO shall file a statement of the status of the inventory on each real property record card.

2.6.1.1 The RPAO shall make visual inspections to verify that Center assets are correctly recorded by class code and size and that any improvements or other changes to the assets on record have been accurately recorded. Detailed measurements other than those necessary to correct obvious errors need not be performed during inventories.

2.6.1.2 As the physical audit of an asset is completed, the RPAO shall update the RPMS with the inventory date and any adjustments made affecting the capitalized value.

2.6.1.3 Following the update of the RPMS based on the physical inventory, a summary record of all Center real property shall be downloaded from the RPMS, signed by the RPAO, and maintained as part of the Real Property Record File. The summary identifies all property inventoried by name and number, the date inventoried, and the value of adjustments resulting from the audit.

2.6.1.4 A copy of the signed summary record, together with a list of all adjustments, shall be provided to the Center DCFO (F).

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